COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, MAY 3, 2002

COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

v.

AMERICAN NATIONAL INSURANCE COMPANY,   CASE NO. INS-2002-00073
AMERICAN NATIONAL LIFE INSURANCE
  COMPANY OF TEXAS,
AMERICAN REPUBLIC INSURANCE COMPANY,
CONSECO MEDICAL INSURANCE COMPANY,
FIDELITY SECURITY LIFE INSURANCE
  COMPANY,
GRAPHIC ARTS BENEFIT CORPORATION,
THE MEGA LIFE AND HEALTH INSURANCE
  COMPANY,
MID-WEST NATIONAL LIFE INSURANCE
  COMPANY OF TENNESSEE,
PHILADELPHIA AMERICAN LIFE
  INSURANCE COMPANY,
PIONEER LIFE INSURANCE COMPANY,
TRANSAMERICA LIFE INSURANCE COMPANY
  (Formerly PFL Life Insurance Company),
WASHINGTON NATIONAL INSURANCE COMPANY, and
WORLD INSURANCE COMPANY,
                       Defendants

SETTLEMENT ORDER

IT APPEARING from a target market conduct examination performed by the Bureau of Insurance that Defendants, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in certain instances, violated §§ 38.2-3407.15 B 1, 38.2-3407.15 B 2, 38.2-3407.15 B 3,

Effective April 9, 2002, the new Case Management System requires that the case number format for all Commission orders change from, e.g., PUE010663 to the following: PUE-2001-00663.

38.2-3407.15 B 4, 38.2-3407.15 B 5, 38.2-3407.15 B 6, 38.2-3407.15 B 7, and 38.2-3407.15 B 9 of the Code of Virginia;

IT FURTHER APPEARING that the Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke Defendants' licenses upon a finding by the Commission, after notice and opportunity to be heard, that Defendants have committed the aforesaid alleged violations;

IT FURTHER APPEARING that Defendants have been advised of their right to a hearing in this matter, whereupon Alliance PPO, LLC, on behalf of Defendants, has made an offer of settlement to the Commission wherein Alliance PPO, LLC, on behalf of Defendants, has tendered to the Commonwealth of Virginia the sum of one hundred three thousand two hundred dollars ($103,200), and each Defendant has waived its right to a hearing;

IT FURTHER APPEARING that the offer of Alliance PPO, LLC, on behalf of Defendants, does not constitute an admission of any violation of Virginia law or regulation by Defendants or other Alliance payors that have used Alliance PPO provider contracts in Virginia. The Bureau represents that this settlement constitutes a full and final settlement and release of Alliance PPO, LLC, Defendants, and other Alliance payors that have used Alliance PPO provider contracts in Virginia, except Avemco Insurance Company, for all issues involving, directly or indirectly, the target market conduct examination of the Virginia Fair Business Practice Act, which was conducted on all

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carriers who used the Alliance PPO network of providers, including those carriers that did not submit an Alliance provider contract during the examination as their most commonly used contract. The Bureau further represents that this settlement includes all issues that were raised, or could have been raised, by the Bureau during such target market conduct examination; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Alliance PPO, LLC, on behalf of Defendants, pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia,

IT IS ORDERED THAT:

(1) The offer of Alliance PPO, LLC, on behalf of Defendants, in settlement of the matter set forth herein be, and it is hereby, accepted; and

(2) The papers herein be placed in the file for ended causes.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to Sidney G. Masri, Vice President for Compliance Matters, MAMSI, 4 Taft Court, Rockville, Maryland 20850-5327, who forthwith shall give notice of this settlement by mailing a copy of this Order to all Defendants; and the Bureau of Insurance in care of Deputy Commissioner Gerald A. Milsky.